



Town of Groton, Connecticut

Meeting Agenda

45 Fort Hill Road
Groton, CT 06340-4394
Town Clerk 860-441-6640
Town Manager 860-441-6630

RTM Finance Committee

Chairman Keith Hedrick, Representatives Joe Baril, Warren Cooper, Luanne DeMatto, Patrice Granatosky, Kristen Powers and Jack Sebastian.

Wednesday, January 26, 2011

6:30 PM

Senior Center-Music Room

Special Meeting-ADJOURNED TO THURSDAY, JANUARY 27, 2011

Pursuant to Connecticut General Statutes section 1-228, the RTM Finance Committee special meeting of January 26, 2011 is adjourned to Thursday, January 27, 2011 at 6:30 at the Senior Center due to inclement weather.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **UNFINISHED BUSINESS**
4. **NEW BUSINESS**

2010-0153 Sales Tax on Commercial Solid Waste Collection

RESOLUTION AUTHORIZING THE PAYMENT "UNDER PROTEST" OF THE SALES TAX LIABILITY ON COMMERCIAL REFUSE ACCOUNTS.

WHEREAS, in June 2010 the State Department of Revenue Services informed the Town that it was selected and scheduled for a Sales and Use Tax Audit pertaining to billings associated with commercial refuse accounts, and

WHEREAS, the State's position is that the commercial refuse program is a taxable service to end users and the sales tax should have been collected since the inception of the program in 1999, and

WHEREAS, due to the Statute of Limitations, the State audit will go back to May 2007 through August 2010, and

WHEREAS, in July 2010 the Town sent a letter to 370 commercial refuse accounts informing them of the upcoming State sales tax audit, the Town's disagreement with the State's position and plans to seek redress through the appropriate channels of administrative appeal and to have the issue of sales tax liability decided in a proper forum, and

WHEREAS, the Town agreed to proceed with the audit under the State's Managed Audit Program requiring Town staff to assist in the audit in order to minimize interest charges, and

WHEREAS, the State has completed their audit and in December 2010 issued an Audit Determination that the sales tax liability is \$207,715.43 for the audit period, and

WHEREAS, the State has also imposed interest of 1% per month on that sales tax liability for a net interest charge of \$33,150.63 for a total liability of \$240,866.06, and

WHEREAS, if the total sales tax liability is not paid by January 31, 2011, an additional interest charge of 1% per month will be applied to the liability, now therefore be it

RESOLVED, that the Town Council authorizes the payment, under protest, of the sales tax liability of \$240,866.06 from the Solid Waste Fund in order to avoid paying additional interest and not to bill

the commercial refuse users and to pursue an appeal of the State Department of Revenue Services' Audit Determination, and be it further

RESOLVED, that this item is referred to the RTM under Rule 6.5.3 so as to avoid paying any further interest and/or penalties.

Refer to RTM.

Legislative History

7/6/2010 Mayor Referred Town of Groton Resource Recover

**7/20/2010 Town of Groton Resource Motion
Recovery Authority**

that the members of the Town Council, together with Town Manager Mark Oefinger, Director of Public Works Gary Schneider, Finance Director Sal Pandolfo and Town Attorney Bryan Fiengo go into executive session at 6:01 p.m. pursuant to Connecticut General Statutes §1 200 (6) (B) for the purpose of discussing strategy and negotiations with respect to a pending claim and/or litigation concerning the potential imposition of state sales tax related to the Town's commercial solid waste program

1/4/2011 Mayor Referred Town Council Committee of the W

**1/11/2011 Town Council Committee of Motion
the Whole**

that the members of the Town Council, together with Town Manager Mark Oefinger, Finance Director Sal Pandolfo, and Town Attorney Bryan Fiengo go into executive session at 7:02 p.m. for the purpose of discussing pending litigation strategy with respect to the imposition of state sales tax on the Town's provision of solid waste collection services to commercial establishments within the Town of Groton and the liability associated therewith

**1/11/2011 Town Council Committee of Recommended for a
the Whole Resolution**

The executive session concluded at 7:48 p.m.

Mayor Streeter provided an overview of the subject of the executive session discussion.

**1/11/2011 Town Council Committee of Motion
the Whole**

that the Town pay the invoice to avoid any additional interest paid from the solid waste fund, and to not bill the commercial solid waste users for the sales tax pertaining to the audit period which was prior to October 2010, and further that the Town pursue filing an appeal with the Department of Revenue Services to resolve the initial question of whether the commercial trash should be taxed by the Town, and that this item be referred to RTM

**1/18/2011 Town Council Deleted from Referral List -
Action to be taken**

**1/18/2011 Town Council Adopted and referred under Representative Town Meeting
Rule 6.5.3**

1/19/2011 Representative Town Meeting Referred under Rule 6.5.3 RTM Finance Committee

5. Consideration of Committee Referral Items as per Referral List

6. ADJOURNMENT

For the committee to meet, we need a quorum. Please let the clerk's office (441-6643) know ASAP if you will not be able to attend this meeting.